

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	
)	
v.)	Criminal Nos. 03-508-A
)	04-04-A
CHRISTIAN A. KERODIN,)	
)	
Defendant.)	

STATEMENT OF FACTS

The United States and the defendant, Christian Allen Kerodin, agree that were this case to go to trial, the United States would prove beyond a reasonable doubt, by competent and admissible evidence, the following:

FACTS RELATED TO THE EXTORTION OFFENSE

Simon Property Group

1. During the spring of 2003, the defendant wrote two reports, "Terrorism Forecast: 2003" and "Terrorist Target List: American Retailers & Restaurants," and made them available to the public on his Internet website. The first report argued that the United States faces many future terrorist attacks, while the second concluded that shopping venues are likely to be prime targets. The defendant noted that if shopping venues experienced terrorist attacks, they would suffer economically. The articles suggested that American businesses contact Kerodin International for assistance with security against terrorism.

2. On June 24, 2003, the defendant sent a letter to David Simon, Chief Executive Officer for Simon Property Group, a firm that owns shopping malls throughout the United States. The defendant said that Kerodin International's recent research on shopping malls in the Washington, D.C. area showed that the Fashion Centre at Pentagon City, a Simon property, was quite vulnerable to terrorist attacks. The defendant said that Kerodin International would like to work with Simon Property Group in an advisory capacity to help reduce the vulnerability. The defendant concluded that because of the rapidly approaching release date of Kerodin International's upcoming report on the vulnerabilities of Washington area malls to terrorist attacks, if interested, Simon Property Group should contact the defendant by June 25, 2003.

3. The defendant's report caused concern with individuals at Simon Property Group for various reasons, including fear that the reports could cause economic harm to the company.

4. The Fashion Centre at Pentagon City has retailers who sell products brought from other states to Virginia and has customers who travel from other states and the District of Columbia to Virginia.

5. On June 30, 2003, Tom Cernock, Director of Corporate Security for Simon Property Group, telephoned the defendant because of Cernock's concerns that the report would discuss

specifically Simon properties. During the conversation, the defendant declined to provide names of other clients for references or to supply the credentials of individuals who worked for Kerodin International. The defendant, however, did follow up with a letter to Cernock. The letter solicited Cernock to sign a consulting agreement with Kerodin International under which Kerodin would provide a terrorist risk analysis of the Fashion Centre for \$15,000. The defendant advised that his company never disclosed the names of clients or any details relating to them. He stated that Simon Property Group would enjoy this anonymity if it retained Kerodin International. The defendant concluded by saying that because of the approaching release date of the upcoming report, Cernock should sign and return the enclosed agreement by July 3, 2003.

6. Simon Property Group did not respond to the letter, and on July 8, 2003, the defendant released on the Internet his report entitled "Terrorism Report: Washington, D.C. Shopping Mall Vulnerability." The report verbally blasted several area shopping malls for being vulnerable to terrorist attacks and specifically criticized the Fashion Center. Three days later the defendant sent another letter to David Simon. The defendant claimed that the report had received attention from the local and national media. He said that the report had been widely circulated in the insurance, financial, and government policy

sectors. The defendant told Simon that 14 Simon properties would be showcased in three upcoming reports focusing on New York City, Chicago, and San Francisco. The defendant stated that these reports would be similar in scope, tone, and conclusions to the reports on the Washington area malls. The defendant concluded by recommending that Simon Property Group seek the expertise of a counter-terrorism professional. In response, Cernock called the United States Secret Service.

7. On July 22, 2003, Cernock introduced Special Agent Peter Paradis, acting in an undercover capacity, to the defendant in a telephone call. Cernock introduced Paradis as a vice-president of Simon Property Group. During the telephone conversation, the defendant stated that it was too late to hire his company for Washington area malls, but Simon Property Group might be able to hire him for malls in other cities. The defendant said that he would still publish reports about Simon Property Group even if Simon hired another security firm to rectify the problems that the defendant said existed. The defendant, however, said that he would not publish negative reports about Simon if Kerodin International were hired. Paradis told the defendant that Simon Property Group wanted to avoid the embarrassment that would follow with future reports and wanted to work something out with the defendant. The defendant stated that he would want an agreement that retained him to provide services

for several malls in various cities, not just for the malls in one city.

8. On August 13, 2003, Paradis spoke again with the defendant on the telephone. Paradis asked when the reports on New York, Chicago, and San Francisco would be published, and the defendant responded that the date would be before September 11. Paradis repeated that Simon Property Group wanted to avoid embarrassment from any future reports. He asked if the defendant would send a proposal, and the defendant replied that Paradis should send him a proposal. The defendant said that the proposed agreement should cover the malls in the three cities he had identified for the next round of reports, plus the five cities that he planned to cover in later reports. The defendant had previously identified those cities as Los Angeles, Houston, Seattle, Boston, and Philadelphia. The defendant advised that Paradis had until August 22, 2003, to work something out with him.

9. On August 20, 2003, Paradis caused a letter to be sent to the defendant. The letter stated that Simon Property Group was considering hiring Kerodin International to provide counter-terrorism consulting at the cost of \$1,000 per shopping center. The letter said that because the defendant had been unable to provide specific details about his methodology, Simon Property Group wanted to hire the defendant to complete one security

assessment to show what he could do. Then Simon would consider hiring him for other malls.

10. Also on August 20, the defendant sent another letter to David Simon. The defendant advised that not only were the reports prepared for New York, San Francisco, and Chicago, but Kerodin International also had prepared a special report on the terrorism vulnerabilities of the Mall of America in Minneapolis, another Simon Property Group property. The defendant stated that because he had not heard from Paradis since August 13, he assumed that a working agreement between Kerodin International and Simon Property Group was no longer a priority for Simon.

11. On August 21, 2003, Paradis had a telephone conversation with the defendant. The defendant said that the proposal Paradis had sent was weak and to send another. When Paradis questioned the defendant about his clients and his credentials, the defendant would not identify other clients and responded that his reports showed what he could do.

12. On August 22, 2003, Paradis telephoned the defendant and stated that Simon Property Group wanted to resolve its security issues on its own terms and on its own schedule. Paradis said, however, that Simon just wanted to know what it had to do to keep its name out of the defendant's reports. The defendant said that the only way he would not report on Simon Property Group was if he was hired for surveys or other services.

Paradis made it clear that even if Simon Property Group signed an agreement, it would not call on Kerodin International for any services. The defendant replied that he understood, but recommended that Simon use his services. The defendant told Paradis to put together an agreement by the end of the day.

13. On August 22, 2003, Simon Property Group sent the defendant a written proposal under which Simon would pay the defendant \$40,000 at the time the agreement was signed. The agreement said that Kerodin International would complete security assessments on 40 malls belonging to Simon Property Group within 15 days. Paradis followed up this proposal with a telephone call to the defendant on August 27. The defendant initially said that his deadline had come and gone, but he then continued to speak with Paradis about reaching an agreement. Paradis proposed that they meet on August 29, Paradis bring a signed copy of the agreement and a check for \$40,000, and that would end their relationship. Paradis again made it clear that Simon Property Group was simply seeking a way to avoid future negative reports about security at the company's malls. The defendant responded that his standard agreement for his clients was \$122,500 for 18 months of consulting. Paradis responded that the proposal was satisfactory, while adding that Simon Property Group would never ask for any services under the agreement. The defendant affirmed that if the agreement was signed and he was

paid, the only time he would mention Simon Property Group in the future would be to say that the company was his client.

14. On September 4, 2003, the defendant met with Paradis. After Paradis gave the defendant a check for \$122,500, the Secret Service arrested him for committing extortion. The check from Simon Property Group was recovered.

15. The defendant knew when he committed the actions described above that he was obtaining money and a contract from Simon Property Group, with its consent, by threatening economic harm to Simon Property Group in a way that was in fact wrongful.

General Growth Properties

16. In May 2003, David Levenberg, vice-president of security for General Growth Properties, requested a copy of the second report from Kerodin International entitled "Terrorist Target List: American Retailers & Restaurants.". On May 22, 2003, he received the report along with a letter that stated that Kerodin International hoped to be of service to General Growth Properties regarding counter-terrorism security matters. When Levenberg did not respond, he received another letter dated June 24, 2003 from the defendant. The letter stated that the defendant's firm would be publishing a report on the vulnerability of Washington, D.C. shopping malls to terrorist attacks. The defendant stated that his research had documented the poor security of two General Growth malls, Landmark Mall and

Tyson's Galleria. The letter concluded by telling Levenberg that due to the rapidly approaching release date of the report, he should contact the defendant by June 25 if General Growth were interested in retaining Kerodin International in an advisory capacity. The defendant sent the identical letter to John Bucksbaum, the Chief Operating Officer for General Growth, the following day.

17. After receiving the June 24 letter, Levenberg telephoned the defendant and spoke with him. Levenberg learned that the defendant's upcoming report was going to identify the two General Growth malls and state that they were poorly prepared for terrorism attacks. When Levenberg questioned the defendant about his qualifications for claiming that he was a counter-terrorism expert, he stated that he did not need experience to be an expert in the field. The defendant also assured Levenberg that if the company retained the defendant's services, he would treat the information about General Growth's malls as confidential.

18. During the first week of July 2003, General Growth received a proposed consulting agreement signed by the defendant for Kerodin International to perform security assessments of the Landmark and Tyson's malls for \$15,000. The agreement promised not to disclose anything discovered previously or during any work under the contract relating to the two malls, unless authorized

by General Growth. In e-mail messages during the week, the defendant continued to refer to his upcoming negative report and to the fact that if he was retained, he would observe a policy of strict confidentiality. When Levenberg had not retained Kerodin International by July 7, 2003, the defendant wrote him another letter. He concluded by stating that he assumed that General Growth was not going to hire him, thus "forfeiting the benefits from our observations at your venues as well as the strict confidentiality policy Kerodin International applies to each of our clients."

19. The defendant then published "Terrorism Report: Washington, D.C. Shopping Mall Vulnerability." The report rated quite negatively the security of Landmark Mall and Tyson's Galleria. Subsequently, on July 11, 2003, the defendant sent Bucksbaum a letter stating that he had published his report and claiming that it had received widespread attention in the media. The letter further stated that seven additional General Growth malls were to be showcased in two future reports on other metropolitan areas. The defendant stated that the reports would be similar to the report on Washington, D.C. in scope, tone, and conclusions. The letter concluded by recommending that General Growth seek the expertise of a counter-terrorism professional. General Growth Properties did not respond to this letter.

FACTS RELATED TO THE FIREARM OFFENSE

20. On September 4, 2003, United States Secret Service Special Agents executed a search warrant at the defendant's one-bedroom apartment, located at 4452 Raleigh Avenue, Apartment 302, in Alexandria, Virginia, in connection with their investigation of extortion. During the search the agents discovered the lower portion of a firearm, containing the stock and receiver of a Bushmaster Model XM15-E2S, .223 caliber rifle, serial number BFI400958, in the bedroom closet and an after-market barrel that fit the receiver under the bed located in the same bedroom. During the search, the agents found no other receivers or barrels in the apartment which fit these two pieces. The defendant knowingly possessed the lower portion of the Bushmaster rifle (stock and receiver) and the barrel in his apartment on September 4, 2003.

21. A subsequent examination of the rifle revealed that it was a "semiautomatic assault weapon" as defined in Title 18, United States Code, Section 921(a)(30)(B), and that the weapon was a firearm "having a barrel of less than 16 inches in length," as defined in Title 26, United States Code, Section 5845(a)(3). The barrel was 7.5 inches in length.

22. The firearm was not registered to the defendant in the National Firearms Registration and Transfer Record.

23. The defendant knew the firearm had a barrel of less than 16 inches. The defendant possessed the short-barreled firearm intentionally, unlawfully and not as a result of accident, mistake or other innocent reason.

Respectfully submitted,

Paul J. McNulty
United States Attorney

By: _____
Jack Hanly
Andrew Lelling
Patrick F. Stokes
Assistant United States Attorneys
Jennifer A. Dominguez
Special Assistant United States
Attorney

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States could have proved the same beyond a reasonable doubt.

Christian A. Kerodin
Defendant

I am CHRISTIAN A. KERODIN's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

Michael Nachmanoff
Counsel for Defendant